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IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, [redacted] 1965

No. 394

HESMER FOODS, INC.,
Petitioner,
v.
CAMPBELL SOUP COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI

To the United States Court of Appeals for the Seventh Circuit.

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PETITION FOR A WRIT OF CERTIORARI
To the United States Court of Appeals for the Seventh Circuit.

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit, entered in the above-entitled case on May 27, 1965.

CITATION TO OPINION BELOW.

The opinion of the Court of Appeals, printed in Appendix B hereto, *infra*, p. 10 is reported in 346 F. 2d 356

JURISDICTION.

The judgment of the Court of Appeals was entered on May 27, 1965. (Separately bound with Opinion in blue manuscript cover, Appendix B, p. 17, *infra*.)[1] The jurisdiction of this Court is invoked under 28 U. S. C., Section 1254 (1).

QUESTIONS PRESENTED.

1. Whether under Section 43 (a) of the Lanham Trade-Mark Act (15 U. S. C., § 1125 (a)) one must prove diversion of his trade in order to prove a *prima facie* case.

2. Whether, under the substantive law of the State of Indiana, common law unfair competition is **always** a question of fact.

3. Whether proof of facts necessary to establish a *prima facie* case under Section 43 (a) of the Lanham Trade-Mark Act (15 U. S. C., § 1125 (a)) can be made by circumstantial evidence.

4. Whether the use of "fine print" by a trader can avoid the letter and spirit of Section 43 (a) of the Lanham Trade-Mark Act (15 U. S. C., § 1125 (a)).

STATUTE INVOLVED.

The statutory provision involved in Section 43 (a) of the Lanham Trade-Mark Act (15 U. S. C., § 1125 (a)). It is printed in Appendix A, *infra*, p. 9.

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[1] In the lower court an appendix record was utilized. In this petition, for convenience references to plaintiff-appellant's appendix will be designated "P. R." and references to defendant-appellee's appendix will be designated "D. R." The certified opinion and judgment of the lower court are bound in a blue manuscript cover.

STATEMENT.

A complaint was filed by petitioner, seeking an injunction and damages as a result of respondent's alleged trademark infringement; violation of a statute of the United States, Section 43 (a) of the Lanham Trade-Mark Act (15 U. S. C., § 1125 (a)); and common law unfair competition; by respondent's labeling one of its products in a way both false and misleading and confusingly similar to the way in which petitioner labeled its trade-marked product (P. R. 3). The jurisdiction of the District Court was invoked because of diversity of citizenship, the petitioner being a citizen of Indiana and the respondent a citizen of New Jersey (P. R. 3, 16). Upon the motion of respondent, and over the objection of petitioner the Court severed the issues of liability and damages, and first tried the issue of liability (P. R. 688-690). At the conclusion of petitioner's case, the Court sustained the respondent's motion for a directed verdict and discharged the jury (P. R. 686). In directing the verdict against petitioner, the trial court said, *inter alia*, concerning the charge of violation of Section 43 (a) of the Lanham Trade-Mark Act (15 U. S. C., § 1125 (a)), that petitioner had failed to show the diversion of trade required to be shown by that Act (P. R. 678-680).

The Court of Appeals for the Seventh Circuit affirmed the judgment of the District Court upon all three of petitioner's theories of recovery.

REASONS FOR GRANTING THE WRIT.

1. The decision of the Court below in the instant case is directly in conflict with the decision of the Court of Appeals for the District of Columbia Circuit in **Gold Seal Co. v. Weeks** (D. C. D. C. 1955), 129 F. Supp. 928, affirmed *sub nom.* **Johnson v. Gold Seal**, 230 F. 2d 832, certiorari

denied 352 U. S. 829, 77 S. Ct. 41, 1 L. Ed. 2d 50.[1] In the instant case Judge Duffy, in that part of his opinion touching upon Section 1125 (a), 15 U. S. C., said (Appendix B, *infra*, pp. 10, 16):

> "If plaintiff had shown that a diversion of its trade was caused by misinterpretation by Campbell in marketing its product, we would have a different situation before us."

In the **Gold Seal** case, in that part of the District Court's opinion adopted by the Court of Appeals, Judge Youngdahl said (Appendix C, *infra*, pp. 18, 24):

> "In this respect Section 43 (a) does create a federal statutory tort, *sui generis*, and to this extent Johnson * * * need not prove actual diversion of trade (palming off, so to speak) * * *."

(Another circuit, the Third, likewise appears to hold that there need be no proof of actual diversion under Section 43 (a), although the opinion of that Court in **L'Aiglon Apparel v. Lana Lobell, Inc.** (3 Cir. 1954), 214 F. 2d 649, 651, is not as clearly expressed.)

Thus it clearly appears that one Court of Appeals has rendered a decision in conflict with the decision of another Court of Appeals on the same matter.

Clearly, the question presented is of importance in the regulation of business ethics, by the Courts, when the conscience of business fails to provide its own regulation. Section 43 (a) of the Lanham Trade-Mark Act has never been construed by this Court, insofar as petitioner knows. The Act was passed with a noble purpose, better expressed

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[1] For convenience the opinion of the Court of Appeals and the approved portion of the opinion in the District Court is printed as Appendix C, *infra*, p. 18.

by Judge Youngdahl in **Gold Seal** than could petitioner (Appendix C, *infra*, pp. 18, 24).

The decision of the Court below is believed to be erroneous and the conflicting decision of the Court of Appeals for the District of Columbia Circuit in **Gold Seal v. Weeks**, *supra*, correct. The logic and justice of the decision in **Gold Seal** cries out for unanimous acceptance in the several circuits. It has been followed, upon the point in question, in several reported District Court decisions: **Mutation Mink Breeders Association, et al. v. Lou Nierenberg Corp.** (D. C. N. Y. 1959), 23 F. R. D. 155, 161; **Turner Hall Corp. v. Stylors, Inc.** (D. C. Fla. 1962), 207 F. Supp. 865, 866; **Zandelin v. Maxwell Bentley Mfg. Co.** (D. C. N. Y. 1961), 197 F. Supp. 608, 611.

2. The Court below made scant mention of the petitioner's case based upon common law unfair competition. The common law aspect of the case is, of course, under the doctrine of **Erie R. Co. v. Tompkins**, 304 U. S. 64, 58 S. Ct. 817, 82 L. Ed. 1188, governed by the substantive law of Indiana. It took that aspect of the case (along with the others, of course), from the jury, although it is the well-settled law of Indiana, as announced in the case of **Rader v. Derby**, 1950, 120 Ind. App. 202, 207, 89 N. E. 2d 724, that:

> "**Unfair competition is always a question of fact.** * * *" (Emphasis supplied).

To this same effect are: **Hartzler v. Goshen, etc., Ladder Co.**, 1914, 55 Ind. App. 455, 465, 104 N. E. 34; 2nd **Deister Concentrator Co. v. Deister Machine Co.**, 1916, 63 Ind. App. 412, 424, 112 N. E. 906, 114 N. E. 485.

In Indiana:

> "In civil actions tried by a jury questions of law are for the determination of the trial court and not for

the jury. **The jury are the exclusive judges of all questions of fact, but not of the law"** (Emphasis supplied).

28 **Indiana Law Encyclopedia,** Trial, § 111.

Thus petitioner was deprived of its right to trial by jury, and the Court below decided an important state question in a way in conflict with applicable state law.

3. The trial court held that petitioner had not shown a diversion of its trade caused by misrepresentation by respondent. Without conceding that such proof was necessary, let us examine that question. Admittedly petitioner did not produce any direct evidence of this (and it is difficult for counsel to imagine what kind of direct evidence he could have produced that would have been competent), but there is ample circumstantial evidence of the same.

There was evidence that petitioner's product, "Beanee Barbecue" was well received by buyers (P. R. 34, 35, 77, 296, 297), until respondent's produce "Barbecue Beans" appeared in competition, when petitioner's sales completely stopped (P. R. 36, 37, 121, 123, 124) or dwindled drastically (P. R. 105, 125). The court below concludes that these sales losses were the result of price disparity, a conclusion the jury may not have drawn. In any event, this loss of sales is circumstantial evidence of diversion, of which this Court has said, in **Rogers v. Missouri Pac. R. Co.,** 1957, 352 U. S. 500, 508, rehearing denied, 353 U. S. 943:

> "Circumstantial evidence is not only sufficient, but may also be more certain, satisfying and persuasive than direct evidence * * *."

To this same effect is **Michalic v. Cleveland Tankers, Inc.,** 1960, 364 U. S. 325, 331.

4. Petitioner urges that Congress intended Section 43 (a) of the Lanham Act to define something much more than what could be called a "fine print" code of ethics. Although the Court below did not discuss them, petitioner introduced into evidence letters of complaint to respondent complaining about "Barbecue Beans", one of which said:

> "After reading the fine print I realized my mistake * * *" (P. R. 632);

another of which said:

> "* * * I'm wondering whether to continue to buy your products. I may get something in the can which is altogether different than what the label describes. This I would call misrepresentation" (P. R. 635-636);

and several of which found respondent's product to be not as advertised (P. R. 631, 633).

If this evidence does not fit the words of Section 43 (a) then petitioner would be hard put to say what did.

Of the importance of this question, as well as the preceding three, petitioner has this to say: Although everyone in the United States, from our Chief Executive to the average American, appears to be engaged in "barbecuing", the meaning of that word is not the reason for the importance of this controversy. When we, in this country, assert the moral superiority of our competitive business system, it behooves us to see that that system is put in as perfect an order as humanly can be done. We have come a long way from the "medicine man" ethics of the nineties, and those of us who will not come further, or even go back, need the Courts to escort us. We believe that that was, and is, the purpose of Section 43 (a) of the Lanham Act.

Our Congress is now considering "truth-in-packaging" legislation, an admirable endeavor. However, unless our

Courts will enforce existing legislation, it will be for naught.

CONCLUSION.

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

RALPH M. KOEHNE,

JOHN D. CLOUSE,
Counsel for Petitioner.

Dated: July 19, 1965.

APPENDIX A.

Sec. 43 (a) of the Lanham Trade-Mark Act, 15 U. S. C., § 1125 (a), reads as follows:

"Any person who shall affix, apply or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin, or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such description or representation."

APPENDIX B.

Opinion.

In the

United States Court of Appeals
for the Seventh Circuit

No. 14981 September Term 1964—April Session 1965

Hesmer Foods, Inc.,
Plaintiff-Appellant,
v.
Campbell Soup Company,
Defendant-Appellee.

Appeal from the United States District Court for the Southern District of Indiana, Evansville Division.

May 27, 1965.

Before Duffy, Castle and Kiley, Circuit Judges.

Duffy, Circuit Judge. Plaintiff seeks an injunction and damages as a result of defendant's alleged trademark infringement,[1] unfair competition under the statutes of the United States,[2] and common law unfair competition, by defendant's labeling one of its products in a way alleged to be both false and misleading and confusingly similar to the way in which plaintiff labeled its trademark product "Beanee Barbecue."

Upon motion, the trial court severed the issues of liability and damages. At the conclusion of plaintiff's case on

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[1] 15 U. S. C., § 1114 (1).

[2] 15 U. S. C., § 1125 (a).

the issue of liability, the Court sustained defendant's motion for a directed verdict.

Plaintiff is engaged in the business of processing and sale of food products. Most of its distribution is within a hundred mile radius of Evansville, Indiana. However, plaintiff's product, "Beanee Barbecue", was sold in interstate commerce.

On February 9, 1960, plaintiff secured a federal trademark, "Beanee Barbecue." The product bearing this name and mark sold generally at thirty-nine cents a can. In the spring of 1961, defendant began marketing a canned product known as "Barbecue Beans" which contained three kinds of beans but no meat. This product customarily sold for nineteen or twenty cents a can.

The major ingredients of plaintiff's "Beanee Barbecue" in the order of their quantity by weight are beans, water, catsup and pork. The pork content constituted 8.4% of the product. The remaining 91.6% is not subject to any open fire cooking process. However, the beans in the product are cooked in an open vessel.

Defendant's "Barbecue Beans" are marketed under red and white labels with the name "Campbell" in white script on a red back-ground prominently appearing thereon. The same red and white labels presently appear on other Campbell products including Campbell's soups. Campbell has been using similar red and white labels for some years.

They have been widely advertised in leading magazines and are readily seen on various Campbell products displayed for sale in groceries and food stores throughout the country.

The evidence showed that there is a large number of products on the market which are called barbecue beans. All of them are meatless or essentially meatless, and some of them were on the market prior to the introduction of

plaintiff's "Beanee Barbecue." Plaintiff itself sells three meatless products—"Bar-B-Q Chips," "Barbecue Dip" and "Barbecue Baste," none of which is subjected to any open fire cooking process.

Plaintiff claims that its "Beanee Barbecue" is prepared by cooking beans in an open vessel and that 8.4% of its product is hickory-smoked, pit-cooked barbecue pork, and that this product was well received. Plaintiff claims that when Campbell put its barbecued beans on the market selling at nineteen or twenty cents a can, the sale of its "Beanee Barbecue" was adversely affected.

Plaintiff's complaint as to Campbell's label is that it includes such words as "Fresh-off-the-open-fire flavor, with the zip and tang of picnic dinners cooked over glowing embers." Plaintiff says that Campbell's product was not cooked in an open vessel or over an open fire or pit or over glowing embers. Plaintiff also complains that Campbell's label included the picture of an open kettle full of beans, and argues that defendant's label claimed ingredients which they did not have but which plaintiff's "Beanee Barbecue" did have.

Plaintiff cites cases such as **Independent Nail & Packing Co. v. Stronghold Screw Products, Inc.**, 7 Cir., 205 F. 2d 921, and **Watkins Products, Inc. v. Sunway Fruit Products, Inc.**, 7 Cir., 311 F. 2d 496, to the effect that the critical test is "likelihood of confusion." Plaintiff claims that in the instant case, it made a *prima facie* showing of "likelihood of confusion."

Starting with fundamentals ". . . 'The law of trademarks is but a part of the broader law of unfair competition' . . . the general purpose of which is to prevent one person from passing off his goods or his business as the goods or business of another." **American Steel Foundries v. Robertson**, 269 U. S. 372, 380.

In the instant case, there is no proof that defendant was selling or attempting to sell its barbecue beans as plaintiff's product. In fact, the plaintiff's president admitted on the witness stand that he knew of no one who had purchased Campbell's product thinking it was the product of the plaintiff, and that the labels were so dissimilar in appearance that "maybe a person that was without vision could be confused."

Some of the difficulty in this case arises from the fact that the word "barbecue" can be used as a noun, as a verb or as an adjective.

Campbell's use of the words "barbecue beans" is not a trademark but rather a description of its product, that is, beans in a barbecue sauce suitable for use at a barbecue. Plaintiff does the same in marketing its three meatless products, Bar-B-Q Chips, Barbecue Dip and Barbecue Baste. Such use is common in the food industry.

Certainly the granting of the trademark "Beanee Barbecue" did not convey to plaintiff a monopoly for preparing beans for barbecues. "Beanee" is undoubtedly the same as "Beany" which would accurately describe a product containing many beans. The misspelling of the adjective suffix which does not change the pronounciation, does not make a descriptive mark arbitrary. A similar situation arose in **Keller Products, Inc. v. Rubber Linings Corp.**, 7 Cir., 213 F. 2d 382, where we said at pages 385-386—"Spelling 'cove' as 'kove' does not make the word less descriptive." See also, **Colburn v. Puritan Mills, Inc.**, 7 Cir., 108 F. 2d 377 where we considered the mark "Py-Do." We there said at page 378—"Giving plaintiff the trademark 'Py-Do' did not convey to her the monopoly of making dough for pies."

Plaintiff argues that the use of the word "Barbecue" which appears on the defendant's label between the words

"Campbell's" and "Beans" necessarily implies that the product contains meat. We think there is no basis for such an argument. On every label of defendant's "Barbecue Beans" there is a statement of the contents of the can which appears in readable print. This statement purports to contain a list of the ingredients and, of course, there is no mention of any meat stock. The label also states "Here's a special treat from Campbell's—three kinds of beans simmered in mild barbecue sauce. . . ." On another portion of the label in still larger type printed in red on a light background appears "3 Kinds Of Beans In Mild Barbecue Sauce."

Plaintiff did make proof of a loss of sales in its "Beanee Barbecue" after defendant's product was on the market. However, such result would seem quite natural with plaintiff's "Beanee Barbecue" selling at thirty-nine cents a can and defendant's product at nineteen or twenty cents a can. Of course, diversion of trade from one business competitor to another caused by price competition, is not actionable. **Restatement of the Law of Torts,** § 768 (1939 Ed.)

Hesmer claims two letters from persons in the food industry show "confusion." These letters asked how Hesmer could justify the high price of its product compared with the price of Campbell's barbecued beans. An examination of these letters discloses the writers thereof had no confusion whatsoever about the origin of Campbell's product.

There were complaints to plaintiff from customers concerning the twenty cent difference in price between Hesmer's and Campbell's products, but again, there isn't the slightest suggestion which showed any consumer confusion as to the source or origin of Campbell's products. We hold the trial court was justified in concluding that the

evidence and all reasonable inferences therefrom viewed in the light most favorable to the plaintiff, failed to make a *prima facie* case of trademark infringement or a related case of common law unfair competition.

We consider now plaintiff's claim under Section 43 (a) of the Lanham Trade-Mark Act (15 U. S. C., §[1] 125 (a).) In **Joshua Meier Company v. Albany Novelty Mfg. Co.**, 2 Cir., 236 F. 2d 144, 147-8, the Court said: ". . . 15 U. S. C. A., § 1125 (a), requires at least that the defendant be guilty of a false representation."

Plaintiff makes no proof of a false designation of origin. Its claim seems to be that Campbell's label is a "false description or representation." The primary misrepresentation according to plaintiff is the word "barbecue" in the name Campbell's Barbecue Beans. It implies that Campbell's product contains meat or that it has been cooked over an open fire.

We have already referred to the three barbecue products of plaintiff which contain no meat and none of which are subjected to an open-fire cooking process. Plaintiff admits Campbell could probably name its product "Campbell's Beans in Barbecue Sauce." Thus, plaintiff's claim is that the word "barbecue" when used as an adjective with the word "beans" necessarily implies a meat product, but when used as an adjective with the words "dip" or "chips" or "baste" or "sauce" this is not true. We disagree!

Numerous labels were received in evidence showing the use of the term "barbecue beans" for meatless products. Some of these were on the market before plaintiff's barbecued beans were marketed. Many other products by other companies use the term "barbecue" as an adjective as did the defendant. It is difficult to spell out a false

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[1] Note: This should probably read § 1125 (a).

representation if a seller adopts methods commonly used to describe similar products. **Joshua Meier Company v. Albany Novelty Mfg. Co.**, *supra*, page 148.

Consumer deception is an integral part of a claim under Section 1125 (a), 15 U. S. C. To establish a right to damages, actual deception must be shown. To obtain equitable relief, only a likelihood of consumer deception need be shown.

Due to the separation of issues in this case, Hesmer, in order to establish a prima facie case, was not required to introduce evidence as to the amount of its damages, but it was required to show some likelihood of competitive injury arising from a false representation made by Campbell in marketing its product. This it has not done.

If plaintiff had shown that a diversion of its trade was caused by misrepresentation by Campbell in marketing its product, we would have a different situation before us. However, we think the record does not contain such proof, and we hold that the District Court was warranted in directing a verdict in favor of the defendant on all three counts upon which plaintiff relied.

Other objections have been urged by plaintiff which we have considered, but we think detailed discussion thereof is not warranted. Such objections are overruled.

Judgment.

Affirmed.

JUDGMENT.

In the

United States Court of Appeals

For the Seventh Circuit

Chicago, Illinois 60610

Thursday, May 27, 1965

Before

Hon. F. Ryan Duffy, Circuit Judge,

Hon. Latham Castle, Circuit Judge,

Hon Roger J. Kiley, Circuit Judge.

Hesmer Foods, Inc., Plaintiff-Appellant, vs. Campbell Soup Company, Defendant-Appellee. No. 14,581.	Appeal from the United States District Court for the Southern District of Indiana, Evansville Division.

This cause came on to be heard on the transcript of the record from the United States District Court for the Southern District of Indiana, Evansville Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, Affirmed, with costs, in accordance with the opinion of this Court filed this day.

APPENDIX C - CONFLICTING OPINION

230 F. 2d 832: S. C. Johnson & Son, Inc., Appellant,

v.

Gold Seal Company et al., Appellees.

No. 12,764.

United States Court of Appeals, District of Columbia Circuit.

Argued Jan. 30, 1956.

Decided March 8, 1956.

Appeal from the United States District Court for the District of Columbia; Luther W. Youngdahl, Judge.

Messrs. Francis C. Browne and William E. Schuyler, Jr., Washington, D. C., for appellant.

Mr. Floyd E. Thompson, of the bar of the Supreme Court of Illinois, Chicago, Ill., pro hac vice, by special leave of Court, with whom Messrs. Edward B. Beale, Washington, D. C., and Maurice M. Moore, Minneapolis, Minn., were on the brief, for appellee Gold Seal Co.

Messrs. Clarence W. Moore, Sol., U. S. Patent Office, and E. L. Reynolds, Sol., U. S. Patent Office, at the time record was filed, entered appearances for appellees Sinclair Weeks, Secretary of Commerce, and Robert C. Watson, Commissioner of Patents.

Before Prettyman, Wilbur K. Miller and Washington, Circuit Judges.

Per Curiam.

Gold Seal Company sued in the United States District Court for the District of Columbia, seeking a decree authorizing the Commissioner of Patents to register as a trade-mark the words **Glass Wax** used by it as a name for

a liquid cleaner of glass and metal. S. C. Johnson & Son, Inc., answered, seeking a declaratory judgment that the words **Glass Wax** do not constitute a lawful trade-mark, and counter-claiming for injunctive relief, profits and damages on the ground that the mark constitutes a false representation and description of goods, thereby causing Johnson damage or the likelihood of damage. Gold Seal's complaint was dismissed, as was Johnson's counter-claim, and the latter appeals.

For the reasons given in District Judge Youngdahl's opinion, Gold Seal Company v. Weeks, D. C. D. C. 1955, 129 F. Supp. 928, at pages 937-940, the dismissal of the counter-claim is Affirmed.

Gold Seal Company v. Weeks (D. C. D. C. 1955), 129 F. Supp. 928, 937-940, reads as follows:

II. The Counterclaims of S. C. Johnson & Son, Inc.

S. C. Johnson & Son, Inc., counterclaimant, seeks to enjoin the use of the mark Glass Wax by Gold Seal Company and to recover profits, damages and costs resulting to it from plaintiff's use of this mark.[28] This action is based upon the provisions of Section 43 (a) of the Trade-Mark Act of 1946,[29] which provides in pertinent part as follows:

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[28] Johnson, in its briefs, seeks a separate determination in the form of a declaratory judgment, 28 U. S. C., § 2201, that the words Glass Wax do not constitute either a trade-mark or a lawful trade-mark. Johnson has not pleaded the issue with clarity; has neither presented evidence nor argued it separately during the trial. In effect the Court has determined this against Johnson, and no further consideration is required. See footnote 18.

[29] 15 U. S. C. A., § 1125 (a). Johnson also relies upon Section 34 of the Act, 15 U. S. C. A., § 1116, which provides for injunctive relief against unfair use of trade-marks in commerce, and upon Section 35, 15 U. S. C. A., § 1117, which provides for recovery of profits, damages and costs to a party who violates the right of the registrant of a mark registered in the Patent Office.

"Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods * * * any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce * * * shall be liable to a civil action * * * by any person who believes that he is or is likely to be damaged by the use of any such false description or representation."

a. **Contentions of the Parties:**

S. C. Johnson & Son, Inc., contends that Section 43 (a) was included in the Lanham Act to grant to a private party a remedy against a person who uses a false designation of origin or a false description or representation of his goods; that the section provides a remedy in the form of money damages and/or injunctive relief to **any** person who believes that he is or is likely to be damaged by the use of the false description or representation; and that this statute, as a result, makes false description a tort *sui generis,* actionable per se, similar to an action for libel where the law presumes damages from use of the libelous words making it unnecessary to plead or prove special damages. S. C. Johnson & Son, Inc., further contends that Gold Seal Company makes various products in fact containing wax, sells them in similar cans, and advertises them together. One of such products is Glass Wax which in fact contains no wax, this being established by expert analysis; that there are on record at least eight patents disclosing glass cleaning compositions which contain wax; that at the time Gold Seal Glass Wax wss introduced, wax had for a long time been used in glass cleaners and polishes, and that people hearing of Gold Seal Glass Wax expected to find wax in the product; all these factors cu-

mulatively establishing that the words Glass Wax are words tending to describe falsely this Gold Seal product. Johnson traces the history of wax back to the Egyptians, through the Greeks and Romans up to present times, showing its long recognized attributes as a protective and beautifying coating for surfaces of all types; it asserts that the word "wax" gives to products a connotation of value and enhances the saleability; that Johnson has been selling products which contain wax for over sixty-five years, having spent millions of dollars in educating housewives as to the advantage of wax; that Johnson sells between 30% and 40% of the total wax sold in the United States; that its sales have decreased due to the Gold Seal false description, as have those of the wax industry generally, for the housewife has but a limited portion of her budget for waxes which is being siphoned off by spurious products, injuring legitimate producers and marketers. In brief, Johnson seeks an injunction and damages on the ground the Gold Seal Company uses words tending falsely to describe its product, in effect palming off its product as a wax product, damaging Johnson through loss of sales, discredit to its wax products, and trading upon the good will and public acceptance of wax products generally.[30]

Johnson also seeks injunctive relief against use by Gold Seal on its containers of Glass Wax of the notation "T. M. Reg. U. S. Pat. Off." since Gold Seal has no registration

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[30] Johnson states frankly that it cannot point with particularity to the sales it has lost due to the use Gold Seal has made of its mark but states in its brief that "use of the word wax by Gold Seal has obviously diverted from the wax purchases of legitimate wax products. As a result of this diversion Johnson, who ordinarily does between 30% and 40% of the business in the wax industry, has lost sales in a proportion of approximately 30% to 40% of Gold Seal's sales of glass wax." Brief for defendant Johnson on its Counterclaims, p. 19. Johnson reasons from there that the normal margin of profit on that volume would be about 40%, bringing its losses to about $5,000,000.

in the United States Patent Office which includes the words Glass Wax.

Gold Seal answers that the failure of Johnson to offer any proof of damages arising out of the unfair competition alleged in the marketing of its cleaner and polisher Glass Wax, or that it is suffering any injury from Gold Seal's trade practices, establishes that the counterclaim was not filed in good faith, but rather to harass Gold Seal in its attempt to register the mark; that Johnson does not have a monopoly of the word "wax"; that Johnson has failed to prove that the purchasing public knows what the word "wax" means; that Johnson neither alleges nor proves that it has been injured directly or that there has ever been confusion between Gold Seal's product Glass Wax and any product of Johnson, or that any user of the product Glass Wax ever found it inadequate for the use for which it was sold. Further, says Gold Seal, Johnson must allege and prove that it has some interest in the mark or that it is marketing a competing product to fall within 43 (a), but it has never used the mark, never employed the words "glass" and "wax" in juxtaposition in referring to a product, never put out a product which could successfully compete with Glass Wax.

Gold Seal maintains that Section 43 (a), as a matter of law, does not change the substantive law as it existed before its effective date so as to allow plaintiff to sue as a vicarious avenger of the defendant's customers; that it merely broadened jurisdiction of the federal courts to allow a private party to state a claim, but it did not do away with the necessity of showing direct injury or such likelihood for there to be recovery.

Gold Seal then makes a general denial of Johnson's charges on the merits, asserting that Glass Wax means to most persons Gold Seal's familiar product to be had everywhere, rather than a compound of particular sub-

stances, and no matter how it is considered, customers were not influenced to purchase Glass Wax because they thought it contained wax, and that it ill becomes Johnson to make this claim under 43 (a) alleging false description, since it markets a product, Car-Nu, which is labelled "A Johnson's Wax Product" but contains no wax and that, further, Johnson is guilty of laches, having remained silent for seven years, permitting Gold Seal to spend millions on advertising before filing its charges—to the grave detriment of Gold Seal.

b. Interpretation of Section 43 (a); Conclusions of Fact and Law:

Cases involving application of Section 43 (a) have been few in number and conflicting in interpretation. Some courts have read into the section the narrow common law "property right" limitation to the effect that apart from trademark infringement and proof of "palming off" misrepresentation by a tradesman concerning his product works no actionable injury upon his competitors.[31]

We believe that L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.,[32] expresses correct law and represents the more sound interpretation. The court said:

> "We find nothing in the legislative history of the Lanham Act to justify the view that this section is merely declarative of existing law. Indeed, because we find no ambiguity in the relevant language in the statute we would doubt the propriety of resort to

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[31] See for example, Chamberlain v. Columbia Pictures Corp., 9 Cir., 1951, 186 F. 2d 923, as to the perpetuation of American Washboard Co. v. Saginaw Mfg. Co., 6 Cir., 1900, 103 F. 281. Compare Samson Crane Co. v. Union Nat. Sales, Inc., D. C. Mass. 1949, 87 F. Supp. 218, California Apparel Creators v. Wieder of California, 2 Cir., 1947, 162 F. 2d 893.

[32] 3 Cir., 1954, 214 F. 2d 649, 651.

legislative history even if that history suggested that Congress intended less than it said. It seems to us that Congress has defined a statutory civil wrong of false representation of goods in commerce and has given a broad class of suitors injured or likely to be injured by such wrong the right to relief in the federal courts. * * * But however similar to or different from pre-existing law, here is a provision of a federal statute which, with clarity and precision adequate for judicial administration, creates and defines rights and duties and provides for their vindication in the federal courts."

[13-15] In this respect Section 43 (a) does create a federal statutory tort, *sui generis,* and to this extent Johnson need not show that any false description or representation was willful or intentional, need not prove actual diversion of trade (palming off, so to speak), need not establish a veritable monopoly position in the industry.[33] It means that wrongful diversion of trade resulting from false description of one's products invades that interest which an honest competitor has in fair business dealings—an interest which the courts should and will protect whether it be called that of "property" "quasi-property" or something else. It represents, within this area, an affirmative code of business ethics whose standards can be maintained by anyone who is or may be damaged by a violation of this segment of the code. In effect it says: you may not conduct your business in a way that unnecessarily or unfairly interferes with and injures that of another; you may not destroy the basis of genuine competition by destroying the buyer's opportunity to judge fairly between rival commodities by introducing such factors as falsely descriptive trade-marks which are capable

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[33] Within the meaning of Ely Norris Safe Co. v. Mosler Safe Co., 2 Cir., 1925, 7 F. 2d 603.

of misinforming as to the true qualities of the competitive products.

[16, 17] We are satisfied that Johnson had adequate standing to assert its right to recover in a civil action under this section and was entitled to be heard and to present evidence. We are equally satisfied, however, that Johnson has failed to prove that it is entitled to relief in the form of injunction, profits, damages or costs. It has not established that as a competitor it is or is likely to be damaged by any false description or representation. It has not shown damage or likelihood of damage due to the fact that any substantial number of reasonable customers were misled or likely to be misled as to the nature of the product, they having understood the mark to designate the ingredients, buying the product for its wax content rather than for its effectiveness as a cleaner; or that if they had known the true facts, they most likely would have purchased a different product, whether that of Johnson or some other competitor. The evidence fails to show that Gold Seal Glass Wax is inferior to any similar product marketed by a competitor, or that it has rested or needs to rest upon the borrowed good will of the wax industry generally to maintain commercial success. In short, the record does not disclose perfidious business dealings by Gold Seal resulting in damage or likelihood of damage to any interest of Johnson.[34]

We therefore deny injunctive relief to Johnson. We also deny relief under Section 35 of the Lanham Act in

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[34] It should be noted that while Johnson and Gold Seal are fierce competitors generally, Johnson neither produces nor advertises a specific usable substitute for Gold Seal Glass Wax, although it avers that it produces other items which can be used for the same purpose.

It should also be noted that our holding under Section 43 (a) and our finding of deceptive misdescription under Section 2 (e) are entirely compatible, as the considerations of fact and the law and the policy in regard to each are so dissimilar.

the form of an accounting for profits and damages. Suffice it to say Johnson's attempt to analogize Section 43 (a) to a libel action, making proof of actual damages unnecessary, is totally without support in law or reason. Pecuniary recovery must be individualized, loss of sales must be shown. Section 43 (a) was to promote fair business dealings. It was not to provide a windfall to an overly eager competitor.

All of the contentions raised in Johnson's counterclaim will therefore be denied in all respects.

Amendment to Opinion.

Upon consultation with counsel and in the interest of making its findings unmistakably clear, the Court amends its original memorandum, by way of summary, in the following respects:

1. Plaintiff's trade-mark Glass Wax, for plaintiff's cleaner, is not deceptive and is not unregistrable by reason of Section 2 (a) of the Trade-Mark Act of 1946, 15 U. S. C. A., § 1052 (a).

[18] 2. Plaintiff's Trade-mark Glass Wax, for plaintiff's cleaner, is not inherently incapable of functioning as a trade-mark and is not unregistrable by reason of Section 2 (Preamble) and Section 45 of the Trade-Mark Act of 1946, 15 U. S. C. A., § 1052 and 15 U. S. C. A., § 1127.

3. Plaintiff's trade-mark Glass Wax, for plaintiff's cleaner, is not merely descriptive and is not for this reason unregistrable by reason of Section 2 (e) of the Trade-Mark Act of 1946, 15 U. S. C. A., § 1052 (e).